

ABSTRACT OF THE DISCLOSURE

An auction with methods and mechanisms to avoid fraud are described.

One fraud avoidance aspect involves the use of a financial institution, such as a factoring entity. The financial institution guarantees at least a partial payment of the amount owed by the winning buyer to the seller in case the winning buyer does not pay. Another fraud avoidance aspect provides the winning buyer with a period of time to inspect the goods or services purchased at the auction before having to pay for them.

An innovative financing method for sales transactions between sellers and buyers to eliminate the use of a letter of credit is described. The financing method involves an agreement between a coordinator, a bank and a factor whereby the buyer's payment obligation is guaranteed by the factor. Based on this guarantee, the bank may advance or loan a portion of the payment price to the seller before the buyer actually pays. This provides certainty in the seller's cash flow needs.